

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;
Mark Acton, Vice Chairman
Robert G. Taub;

Competitive Product Prices
Global Expedited Package Services 3 (MC2010-28)
Negotiated Service Agreement

Docket No. CP2014-65

Public Representative Comments on
NOTICE AND ORDER CONCERNING ADDITIONAL
GLOBAL EXPEDITED PACKAGE SERVICES 3
NEGOTIATED SERVICE AGREEMENT

(August 19, 2014)

In response to Order No. 2149,¹ the Public Representative hereby comments on the August 8, 2014 Notice of United States Postal Service of Filing an Additional Global Expedited Package Services (GEPS) 3 Negotiated Service Agreement (Notice).²

The Postal Service's Notice stipulates that this NSA is consistent with the policies of 39 U.S.C. 3633 and 39 C.F.R. 3015.5. *Notice at 2.* Further, the Notice demonstrates that the agreement is functionally equivalent to the contract that is subject of Docket No.

¹ Notice and Order Concerning Additional Global Expedited Package Services 3 negotiated Service Agreement, August 12, 2014. (Order)

² Notice of the United States Postal Service of Filing a Functionally Equivalent Global Expedited Package Services 3 Negotiated Service Agreement and Application for Non-Public Treatment of Materials Filed Under Seal, August 8, 2014. (Notice)

CP2010-71. *Notice at 1.* This contract serves as the baseline agreement detailed in Governors' Decision No. 08-7.³ The Postal Service states that this contract is fundamentally comparable to the baseline agreement and as a result "should be added to the competitive product list as a GEPS 3 contract." *Notice at 4.* The Notice mentions, however, differences between the contract and the baseline contract, which include name of customer, revision of paragraphs, revisions of articles, revisions concerning the term of agreement and references to "Mail Express International" were replaced with "Priority Mail Express International". *Notice at 5 - 6.*

The one-year contract is intended to become effective on September 1, 2014, to replace the current GEPS 4 contract that was filed in Docket No. CP2014-22.⁴ *Notice at 3.*

Pricing, Cost Coverage and Contribution

The GEPS NSA model provides incentives for a mailer sending large volumes of EMI and/or PMI to foreign addressees. The model's baseline agreement demonstrated sufficient cost coverage when compared to the agreement subject to this docket.⁵ In addition, the contract's pricing reflect appropriate increases in costs and comports with the template in Governors' Decision 08-7, which established the GEPS product.

Conclusion

The Public Representative, after accessing, reviewing, and comparing materials the United States Postal Service submitted under seal in this matter and the corresponding baseline agreement, acknowledges that the pricing in the present GEPS 3 contract comports with relevant provisions of title 39. This contract appears able to generate sufficient revenue to cover attributable costs based on information provided by the Postal Service. In addition, this contract employs pricing incentives based upon

³ The Governors established a pricing formula and classification that ensures each GEPS contract meets the criteria of 39 U.S.C. 3633 and the regulations promulgated thereunder. Therefore, the costs of each contract conform to a common description. In addition, the GEPS language proposed for the MCS requires that each GEPS contract must cover its attributable costs.

⁴ See also Customer contract Filing Notice for Global Expedited Package Services, Docket CP2013-22, May 15, 2014.

⁵ PRC Order No. 503, Order Approving Global Expedited Package Services 3 negotiated Service Agreement, Docket Nos. MC2010-28 and CP2010-71, July 29, 2010, page 7.

volumes and other provisions favorable to the Postal Service, NSA Partner, and the public.

The Public Representative respectfully submits the preceding comments for the Commission's consideration.

Curtis Kidd
Public Representative

901 New York Ave. NW
Washington, DC 20268-0001
202-789-6881
Curtis.Kidd@prc.gov